

What Does SB 107 Do?

- Allows elementary districts with at least 1,000 ANB to vote to form a new K12 overlapping the geographic area of the elementary district. The new district would have 5 years to form a new district
- a. The existing high school districts' tax bases would be smaller, and the number of children served by the existing districts would be smaller.
 - b. The eligible elementary districts that could build a new high school and become a K-12 at this time are: E. Helena, Hellgate, and Lockwood
- 2) Provides for a transition period in which children destined for the new district may be educated in existing district, with transition payments and tuition payments from new district to the existing district
 - 3) Provides a negotiating process to divide debt and assets between the existing district and the new district
 - 4) Provides a mechanism to count ANB and taxable value in the first year of the new K-12's existence
 - 5) Allows the existing district to count ANB, or a portion of ANB, that have moved to the new district for three years. I.e, for three years ANB will be doubly counted
 - 6) Divides State Block grants between existing districts and new districts on basis of ANB
 - 7) Preserves the original tax base for the life of existing debt service.

Concerns with SB 107

- 8) Transition Period - Students are still being educated by existing high school, but tax base boundaries have changed.
 - a. Does SB 107 make sure that taxpayers of new high school district pay for taxes that must be charged by existing high school, for general fund base taxes, overbase taxes, debt service taxes, transportation taxes, and other taxes?
 - b. Does the new transition levy mesh with the existing tuition levy in law to make sure that taxpayers in the new districts pay their general fund and transportation share, while their students are still in the existing district?
 - c. Will existing taxes charged by the existing district for transportation, bus depreciation, technology, building reserve, adult ed, be charged during transition when the students are attending the existing district?
 - d. How are assets in both districts to be divided?

SB 107 Data

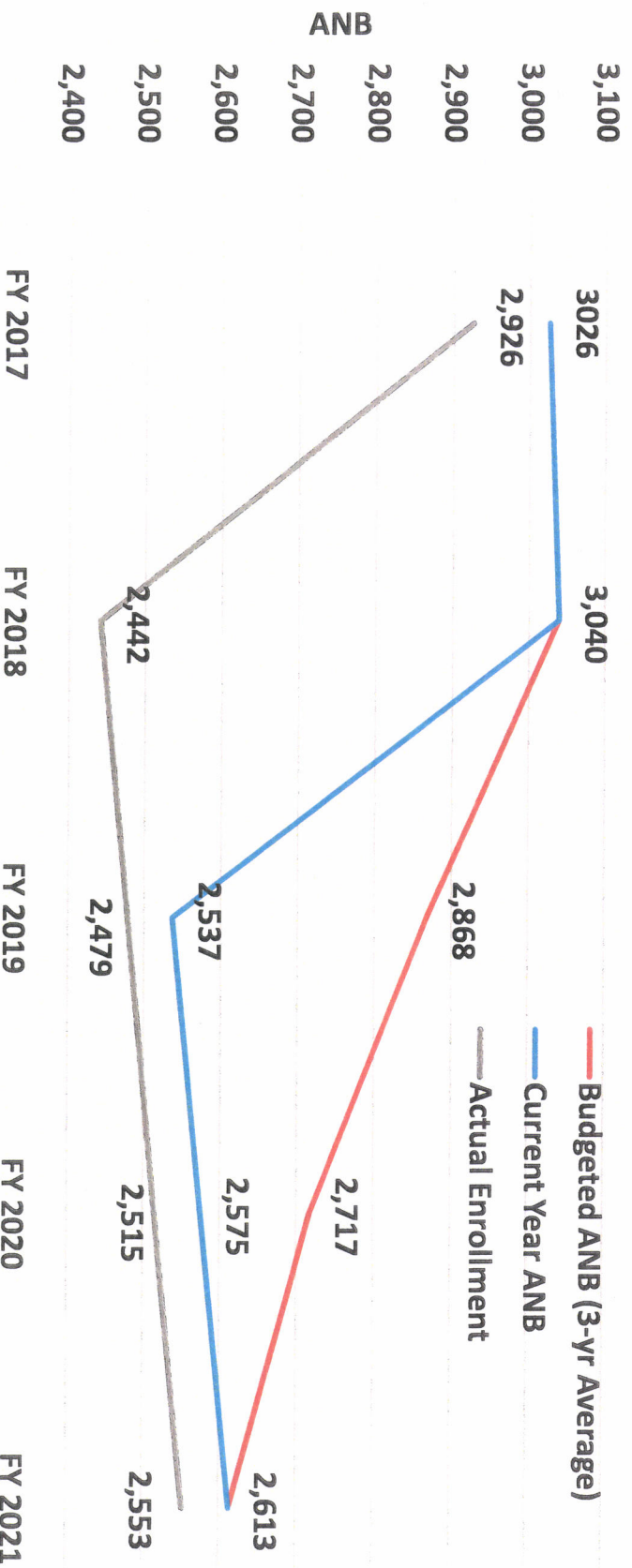
FY 2015 School District Population and Taxable Value

County	Largest Elementary	High School	Taxable Value - Elementary	Taxable Value - High School	Number of attached elementaries	Elementary ANB	High School ANB	HS ANB After SB107 in FY2018	ANB Difference in HS ANB
Yellowstone	Billings Elem	Billings H S	175,238,138	235,586,169	9	11,821	5,291	4,718	573
Missoula	Missoula Elem	Missoula H S	106,720,341	183,149,451	13	5,210	3,670	3,006	664
Cascade	Great Falls Elem	Great Falls H S	110,501,846	113,691,367	3	7,409	3,091		
Lewis & Clark	Helena Elem	Helena H S	89,028,019	111,124,592	4	5,287	3,045	2,501	544
Flathead	Kalispell Elem	Flathead H S	53,005,829	126,800,566	14	3,130	2,862		
Gallatin	Bozeman Elem	Bozeman H S	131,762,887	157,393,739	8	4,505	2,005		
Silver Bow	Butte Elem	Butte H S	50,843,128	57,014,078	4	3,070	1,331		
Gallatin	Belgrade Elem	Belgrade H S	38,786,381	39,714,124	5	2,384	877		
Flathead	Columbia Falls Elem	Columbia Falls H S	31,315,988	36,523,887	2	1,465	721		
Yellowstone	Laurel Elem	Laurel H S	41,610,368	40,989,133	1	1,445	669		
Hill	Havre Elem	Havre H S	17,185,915	19,838,236	3	1,440	570		
Ravalli	Hamilton K-12 Schools	Hamilton K-12 Schools	25,041,433	25,041,433	1	1,066	549		
Glacier	Browning Elem	Browning H S	5,572,548	7,317,184	2	1,466	540		
Lake	Polson Elem	Polson H S	37,694,588	47,311,815	3	1,206	522		
Missoula	Hellgate Elementary	Missoula HS	30,454,841	30,454,841	12	1,463	664	10th	
Yellowstone	Lockwood Elem	Billings HS	21,063,511	21,063,511	8	1,260	573	11th	
Lewis & Clark	East Helena Elem	Helena H S	13,106,023	13,106,023	3	1,197	544	16th	

Jim Standard - 01/19/2015

Possible Timeline for SB 107 Process			
Phase 1			
	Transition Period Up to 5 Years	Double Count ANB for Three Years	Normal Counting of ANB
	Tax Bases have New Boundaries		
ANB	Students Attend Existing HS	Students Attend New HS - 3-yr Averaging for existing district	Students Attend New HS
	SB 107 Election	Fiscal Note 2018-2019	Beyond the Fiscal Note
Tax Base	New Tax Base Boundaries, January 1 After Election, Taxes Generated Independently in Each District	Property Taxes Generated Independently In Each District	Property Taxes Generated Independently In Each District
Who Levys What?	Transition Levy and Tuition levy transfer GF, Trans and Debt Service taxes in new district to existing district.		
Bonds	Bond Election in new district, Sale of Bonds and Mill Impact Disclosed		
Bonds	If Bond Passes, New HS is Built	New Debt service paid for by New District	New Debt service paid for by Each District
State And Local Costs	No Impact on State Cost, except for DS GTB..... Local taxes go up by new debt service in new districts	State Cost and Local Property Taxes Are Elevated - Double Counting ANB	State Cost and Property Taxes slightly more than Current Law

Helena HS Current Year ANB and Budgeted ANB and Enrollment, Before & After Students Have Transferred to E. Helena. Impact of 3-year averaging.



Impacts of SB 107

Assumes first year of operation for three new K-12 districts is FY 2018

	Fiscal Note (Millions)		JS Estimates	
	FY 2018	FY 2019	FY 2020	FY 2021
Change in State Support	\$ 9.00	\$ 5.90	\$ 3.45	\$ 1.00

New District	Fiscal Note HS ANB	Percent of Existing HS ANB	Fiscal Note HS New FTE	Fiscal Note Taxable Value	Percent TV of Existing Districts
E. Helena K-12	544	18%	18	13,263,295	12%
Valley View K-12 (Hellgate)	664	18%	22	30,820,299	17%
Lockwood K-12	573	11%	19	21,316,273	9%

SB 107 allows three averaging for the existing districts between FY 2018 and FY 2021

Existing District	Curent Year HS ANB				FTE, 2018 & 2019 - FN
	FY 2018	FY 2019	FY 2020	FY 2021	
Helena HS	3040	2537	2,575	2,613	No Chge
Missoula HS	3684	3090	3,136	3,183	No Chge
Billings HS	5308	4806	4,878	4,950	No Chge

Existing District	Budgeted ANB (3 yr Average) HS ANB			
	FY 2018	FY 2019	FY 2020	FY 2021
Helena HS	3,040	2,868	2,717	2,613
Missoula HS	3,684	3,481	3,187	3,062
Billings HS	5,308	5,133	4,997	4,950

Reduction in taxable value and impact on mills in FY 2018

	HS Taxable Value Before Change in Boundaries	HS Taxable Value After Change in Boundaries	Change in GF Mills due to SB 107 - OPI Calculations	Previous research if FULL change happened in FY 2014
	FY 2016?	FY 2016?	FY 2018	4 yrs later
E. Helena K-12	0	13,263,295	21.9	38.4
Valley View K-12 (Hellgate)	0	30,820,299	21.5	21.6
Lockwood K-12	0	21,316,273	21.7	NA
Helena HS	112,458,087	99,194,792	6.4	0.8
Missoula HS	185,347,244	154,526,945	7.7	2.1
Billings HS	238,413,203	217,096,930	4.1	NA

SB 107

Bonding, Debt Service and Bonding Capacity

New Districts	New Debt to Build HS	Debt Service Mills w/ GTB Subsidy	Bonding Capacity
E. Helena K-12	25,000,000	113.9	40,700,000
Valley View K-12 (Hellgate)	22,000,000	44.0	47,000,000
Lockwood K-12	22,000,000	64.0	43,400,000

Change in Bonding Capacity For Existing High Schools, FY 2014

Existing Districts	Current Bonding Capacity	New Bonding Capacity	Difference	Pct Diff
Helena HS	119,790,300	98,389,340	(21,400,960)	-17.9%
Missoula HS	144,377,800	118,256,040	(26,121,760)	-18.1%
Billings HS	208,147,940	185,606,120	(22,541,820)	-10.8%

Outstanding Bonded Indebtednesses of January 2015

	Outstanding Bonds, Millions	Debt Service Mills
Helena HS	\$ 1.3	5
Missoula HS	\$ 7.3	5
Billings HS	\$ 11.3	2

Jim Standaert - 01/19/2015